

The Cost of Not Funding and Maintaining our Infrastructure

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In this issue of Right of Way magazine, we have included several articles on some of the most pressing infrastructure issues of our times.

Getting a bridge or levee rebuilt may be challenging, but not impossible, as demonstrated by Sacramento's long-term levee improvement project and the rebuilding of the Monmouth County Bridge, both of which are covered in this issue. The cover story features an article on the nation's deteriorating bridges by Barry LePatner. With nearly 8,000 bridges in the U.S. in critical condition, he has a strong argument for why we must focus our attention on funding and maintaining our aging infrastructure. He also demonstrates how a long-term investment can actually pay for itself.

CREATIVE FUNDING OPPORTUNITIES

Despite the ongoing need for infrastructure funding and maintenance, it continues to be an uphill battle when it comes to getting approval and funding for our projects. The need for infrastructure investment is not going to diminish just because tax dollars are not readily available. Tax increment funding is now being used to aide all forms of real estate development and supporting roads and utilities.

In Central Texas, we are just completing construction of State Highway 130 (SH 130). Since its inception, there have been detractors opposed to not only toll roads, but to the Public-Private Partnership funding. But the reality is that SH 130 is answering those who opposed it by providing transportation that would otherwise have not been funded at all. The City of Austin is rapidly growing and facing substantial traffic problems. Without the SH 130 and other recently finished toll roads, the city would be even more congested.

The City of Austin just sold \$40 million dollars in bonds to finance the construction of new roads, parks, and water and wastewater improvements for two mixed-use developments on the previously mentioned SH 130. The financial vehicle used, known as a Public Improvement District (PID), is not new, however what is different this time is that these bonds are secured by the value of the real estate, not by the city. The bonds will be repaid by assessments on property owners in this development. Given the difficult lending environment we're facing today, this type of financing is likely to be replicated in other cities around Texas.

The concept of using resourceful funding strategies is not new. At Roaring River State Park in Southwest Missouri, people can fish thanks to a hatchery developed by the Civilian Conservation Corps, a public work relief program that offered employment to men to build public works around the U.S. The nearby lodge was built by the Works Projects Administration, the largest and most ambitious New Deal agency, employing millions of unskilled workers to carry out public works projects during the Great Depression, including the construction of public buildings and roads. Go visit the park some time. I think we got our money's worth.

THE GROWING NEED

There's no doubt that the country is experiencing some of the most challenging economic time since World War II. And yet, consider that Western Europe, despite their financial issues and escalating debt, is still allocating five percent of their gross domestic product on infrastructure investment. That represents more than twice the percentage that the U.S. allocates, which currently stands at two percent. While we have NIMBYs (not in my back yard), Great Britain has NO BANANAS (never build anything anywhere anyplace near anybody). Despite the NO BANANAS obstacles and a dense population nearing 60 million people, that country is still pushing forward with additional high-speed rail. Growing nations like China are investing at even higher rates.

Although we are called the International Right of Way Association, our name does not begin to describe the width and breadth of our reach and impact. And while IRWA does not lobby, we can and do provide information so that others in the industry can take whatever action is possible. Both the United States and Canada are growing in population and have strong needs for infrastructure construction. In South Africa, home of our newest IRWA chapter, massive amounts of needed power lines and coal, nuclear and solar electrical generating facilities are going to be constructed in the near future.

Public-Private Partnerships have become one of the most financially savvy methods for financing transportation projects around the world, and they will hopefully become more prevalent in North America. It's essential that we all keep an open mind when it comes to new ways of funding and maintaining our infrastructure. And rather than focusing on what a new project might cost, we must all address the bigger question – what is the cost of NOT building?